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## Italy

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### **Agricultural News for Italy and the EU - October 2009**

#### **Report Categories:**

Agriculture in the News

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#### **Report Highlights:**

Report contains Italian and EU agricultural news items of interest for the month of October 2009.

#### **General Information:**

##### **Italian Agricultural News**

#### **Minister of Agriculture Zaia Visits the United States**

Minister Zaia visited the United States to promote Italian food products and the Made in Italy brand. He travelled to Houston to attend the VinItaly wine expo and possibly buy a horse; New York to attend several ICE promotions and met with Ban-ki Moon to discuss food security issues; and Washington, D.C., where he met with the Treasury Department to discuss the status of Italian wine exports to the United States following a verdict in the Brunello case.

### **Exploited migrant labor common in Italian agriculture**

Every year thousands of illegal immigrants, many from Africa, flock to the fields and orchards of southern Italy to scrape a living as seasonal workers picking grapes, olives, tomatoes and oranges. Broadly tolerated by authorities because of their contribution to the economy, they endure long hours of backbreaking work for as little as €15-20 a day and live in makeshift camps without running water or electricity.

### **Italian Scientists Decode Olive Oil DNA**

Italian scientists have identified the genes behind the key ingredients in olive oil, which will help to further understand the products' health benefits and distinguish protected local varieties from cheap imitations. There are more than 1,200 kinds of olives, more than half of which are grown in Italy.

Italy is the second largest producer of olive oil in Europe, followed by Spain, with an annual yield of over five million quintals. Italian extra-virgin and virgin olive oil has an annual turnover of € 2 billion.

## **EU Agricultural News**

### **Longstanding EU Ban on U.S. Poultry Imports May Spark WTO Case**

The United States has asked the World Trade Organization (WTO) to establish a dispute settlement panel regarding the EU's longstanding prohibition on the import and marketing of U.S. poultry meat and poultry meat products that have been processed using pathogen reduction treatments, or PRTs. PRTs are used to reduce the amount of pathogenic microorganisms on the surface of poultry meat. Numerous U.S. efforts have failed to resolve this unscientific ban since the EU enacted it in 1997. Industry sources estimate U.S. poultry exports to the EU would exceed \$300 million annually in the absence of this ban.

### **African Farmers Irked by EU GM Stance**

The EU's 'go-slow' approach to GM use is sending out the wrong message to African farmers who are dependent on crops in the midst of climate change, drought and population increases, according to a group of African farmers and agronomists who met in Brussels to discuss with policy makers their experiences with agricultural biotechnology.

### **EU Finds Unapproved GM Flaxseeds in Canadian Shipments**

The EU has quarantined 11 Canadian shipments of unapproved GM flaxseed. Industry sources speculate that some unapproved Canadian GM flaxseed previously imported may have entered EU processing channels. Since flaxseed oil is used as an ingredient in many food products, the processing of unapproved varieties could prompt the largest food recall in the EU since the EU enacted emergency measures when unapproved GM rice (LL601) was detected in U.S. shipments in 2006.

### **The EU Zero Tolerance GM Policy Expected to Boost Prices**

While the EU has approved some GM crops for import, it rejects any shipment that contains even minute traces of unauthorized GM material. Recently, several EU Member States have rejected shipments of U.S. soybeans due to the presence of dust from unapproved GM corn varieties left in

ship holds from previous cargoes. Thus far, the EU has failed to alter its zero tolerance policy for even the incidental importation of unapproved GM varieties and approve a so-called low-level presence (LLP) policy. As a result, U.S. shippers currently are unwilling to accept the risk of shipping soybeans to the EU.

The failure to adopt a LLP policy has two important implications. First, since ships carry different grains from various origins, the residual dust problem has the potential to disrupt EU imports of various grains from various origins and not solely U.S. soybeans. For example, the Italian food processing sector is concerned the issue may disrupt needed durum imports. Secondly, the costs faced by the EU's agriculture industry could skyrocket if it doesn't approve a LLP policy. This is because, unlike most years when the EU imports the bulk of its soybeans (used for animal feed) from South America, South America has had an exceptionally small crop, forcing buyers to look elsewhere—mainly to the only other major supplier, the United States.

### **European Farmers' Anger Spills into the Streets of Brussels**

After months of complaints by European dairy farmers angry over low milk prices, protesters in Brussels poured milk onto the streets in protest. Dairy farmers report that milk prices have plummeted 30 percent in a year and that dairy producers will lose up to 14 billion Euros this year alone. In response the EU commission has promised to spend up to 600 million Euros supporting butter and skimmed milk prices. In recent years the EU has sought to reform its' subsidy system and aims to phase out milk quotas, which limit production, by 2015.

## **International News**

### **Agriculture to 2050 – The Challenges Ahead**

FAO Director-General Jacques Diouf warned delegates at the High-Level Expert Forum on “How to Feed the World in 2050” that over the next 40 years “agriculture must become more productive if it is to feed a much larger world population while responding to the daunting environmental challenges ahead.” Diouf also added that increases would need to come mostly from yield growth and improved cropping intensity rather than from farming more land (despite the fact that there are still ample land resources with potential for cultivation, particularly in sub-Sahara Africa and Latin America). He also noted that “while organic agriculture contributes to hunger and poverty reduction and should be promoted, it cannot by itself feed the rapidly growing population.” World population is projected to rise to 9.1 billion in 2050 from a current 6.7 billion, requiring a 70-percent increase in farm production.

### **Pope Calls for 'Determined' Action on Hunger**

The world must take “determined and effective” action against hunger after the global economic crisis has pushed the ranks of the undernourished to a record 1 billion, Pope Benedict XVI is quoted as saying at the U.N. Food and Agriculture Organization on World Food Day. Developing countries need more investments, especially in agriculture, to ensure their populations don't go hungry.

### **2009 Global Hunger Index Highlights Gender Inequality**

Twenty-nine countries around the world have alarming levels of hunger, and thirteen countries have actually seen increases in their hunger levels since 1990, according to the 2009 Global Hunger Index

report. The Democratic Republic of Congo scored the worst, followed by Burundi, Eritrea, Sierra Leone, Chad, and Ethiopia. The report also shows that high rates of hunger are strongly linked to gender inequalities, especially in terms of literacy and access to education. Countries with the most severe hunger problems also had high levels of gender inequality. This negative trend, however, can be reversed by equalizing men's and women's status which in turn would reduce the number of malnourished children by 13.4 million in South Asia and by 1.7 million in Sub-Saharan Africa.

### **FAS/Rome Reports and Activities**

#### **GAIN IT9029 - Fine Wines and Parmesan Cheese as Bank Collateral**

In times of economic downturn why not accept Italian food in exchange for a bank loan? That is exactly what an Italian bank located in the Emilia-Romagna region which is famous for its cheese and prosciutto production has decided to do. The Credito Emiliano has been accepting parmesan cheese as a form of collateral in exchange for loans which help support local cheese makers in times of difficulty since 1954. In order to safely store the valuable cheese, the bank has two climate-controlled warehouses. Currently the warehouses hold 440,000 wheels of Parmesan cheese estimated to be worth €132 million (\$187.5 million.) The so-called "cheese bank loans" have allowed Italian cheese makers to stay in business for years while financing their operating expenses at convenient interest rates.

#### **GAIN IT9030 – Italy Wheat Outlook**

Preliminary figures indicate that MY 2009/10 (Jul/Jun) wheat area and production declined sharply from MY 2008/09 levels due to reduced incentives and adverse weather conditions. However, large carryover stocks from MY 2008/09 will moderate import demand. Imports of soft wheat are expected to increase, while imports of durum wheat will likely remain unchanged.